

Monitoring Regional School Finances

There are ways that member towns and regional school districts can collaborate to bring more transparency to the regional budget process and clarify expectations as to how district finances should be handled. Local officials often become frustrated with the lack of reliable financial information concerning their regional school's finances. Poor communication between the district and member communities can breed distrust and feelings of resentment, as officials believe that they have little or no control over a major portion of their municipal budgets. In the extreme, withholding financial information may be evidence that financial problems are percolating.

Since the power of a member town to amend a regional agreement or influence the regional budget approval process is limited if acting alone, member towns need to act collectively to influence regional school finances. To do this, we recommend forming a regional advisory committee, with representatives from each member, as a vehicle to discuss mutual concerns and advance recommendations to the regional school committee and superintendent. Likely candidates for this committee include selectmen or finance committee members.

To start, the committee might approach the school district prior to the budget process to establish parameters that might not be spelled out in the regional agreement. For example, consensus may be reached concerning the budget calendar and timelines, the content and detail of budget submissions and the estimation of revenues. Agreement with the district on the detail of the budget and estimation of revenues will provide member towns with complete information as to how the underlying operating and capital assessments are calculated. Estimates of state aid can be based on the local aid figures appearing in the Governor's budget proposal, with agreed upon procedures if the final state aid numbers differ in a significant way. The committee might also promote the development of a district-wide capital plan as a means to inform members of the capital budget items they will be acting on in future years.

A good budget format should have detail regarding actual revenues and spending from the prior year(s) as well as the detail on current year revenues and appropriations. Narrative information concerning programmatic or service level changes, as well as information on expected outcomes will also help the member towns understand how the budget was constructed and why dollars are allocated as they are. The budget should clearly delineate spending funded by the appropriation of reserves, special revenue funds and expected grants. Consistent with case law on this subject, we believe that any appropriation from the region's excess and deficiency (E&D) account should be proposed as part of the annual budget process so that the member towns have a voice in how these funds are spent.

The regional advisory committee can also be a means to provide input on a range of issues that affect the region's finances. For example, since the member towns fund regions, the committee can play a role in establishing consensus targets for district reserves, thereby ensuring that there is some parity between the district and the underlying entities that provide its financial support. The advisory committee can also advocate for the independent selection of an audit firm and timely completion of the audit. The regional advisory committee will review the auditor's recommendations and follow-up with the district administration to see that they are implemented.

In the long-term, the work of the regional advisory committee will progress naturally to proposals to amend the regional agreement. In many respects, a regional agreement is similar to a municipal charter in that it establishes district procedures regarding finance and governance. Many of these agreements suffer from the fact that they have not been revisited in many years and no longer meet the needs of all parties involved. To provide some permanency to agreed upon changes to district processes, member towns should consider codifying the changes by amending the regional school agreement.

If the member towns use their collective power to bring transparency and open communication to regional school district finances, it is ultimately in everyone's best interests. Member towns are much more likely to approve their assessments when they understand how the budget was developed, realize that all estimated revenues and appropriations are revealed and believe that the district practices sound financial management. The collaborative due diligence of the member towns regarding district finances serves as a necessary and important check and balance to safeguard district assets.